

## CHAPTER 3

### INDIVIDUAL INCOME TAX — FEDERAL INCOME TAX REBATE

H.F. 757

**AN ACT** relating to the taxation under the individual income tax of certain federal tax rebates and including a retroactive applicability date provision.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 422.9, Code 2001, as amended by 2001 Iowa Acts, Senate File 350,<sup>1</sup> section 22, is amended by adding the following new subsection:

**NEW SUBSECTION.** 6. In determining the amount of deduction for federal income tax under subsection 1 or subsection 2, paragraph “b”, for tax years beginning in the 2001 calendar year, the amount of the deduction shall not be adjusted by the amount received during the tax year of the advanced refund of the rate reduction tax credit provided pursuant to the federal Economic Growth and Tax Relief Reconciliation Act of 2001, Pub. L. No. 107-16, and the advanced refund of such credit shall not be subject to taxation under this division.

Sec. 2. **APPLICABILITY.** This Act applies retroactively to January 1, 2001, for tax years beginning on or after that date and before January 1, 2002.

Approved June 28, 2001

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## CHAPTER 4

### ELECTRIC POWER GENERATION AND TRANSMISSION — MISCELLANEOUS PROVISIONS

H.F. 577

**AN ACT** relating to electric power generation and transmission, by addressing the criteria for construction or lease of an electric generating facility, and for the development of ratemaking principles to apply to certain electric generating facilities; waivers; providing for the development of a state electric energy policy; providing for alternate energy purchase programs; approval of plans and budgets for regulating emissions from coal-fired plants; providing for joint agreements for acquisition of ownership of a joint facility for electric power generation and transmission, and for the planning, financing, operation, and maintenance of the joint facility; providing for the bonding authority of electric power agencies; and making certain other changes and requirements related to electric generation and transmission; and providing an effective date.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 12C.1, subsection 1, Code 2001, as amended by 2001 Iowa Acts, House File 637,<sup>1</sup> section 4, is amended to read as follows:

1. All funds held by the following officers or institutions shall be deposited in one or more depositories first approved by the appropriate governing body as indicated: for the treasurer of state, by the executive council; for judicial officers and court employees, by the supreme court; for the county treasurer, recorder, auditor, and sheriff, by the board of super-

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<sup>1</sup> 2001 Iowa Acts, Regular Session, chapter 132 herein

<sup>1</sup> 2001 Iowa Acts, Regular Session, chapter 158 herein

visors; for the city treasurer or other designated financial officer of a city, by the city council; for the county public hospital or merged area hospital, by the board of hospital trustees; for a memorial hospital, by the memorial hospital commission; for a school corporation, by the board of school directors; for a city utility or combined utility system established under chapter 388, by the utility board; for a library service area established under chapter 256, by the library service area board of trustees; and for an electric power agency as defined in section 28F.2 or 476A.20, by the governing body of the electric power agency. However, the treasurer of state and the treasurer of each political subdivision or the designated financial officer of a city shall invest all funds not needed for current operating expenses in time certificates of deposit in approved depositories pursuant to this chapter or in investments permitted by section 12B.10. The list of public depositories and the amounts severally deposited in the depositories are matters of public record. This subsection does not limit the definition of "public funds" contained in subsection 2. Notwithstanding provisions of this section to the contrary, public funds of a state government deferred compensation plan established by the executive council may also be invested in the investment products authorized under section 509A.12.

Sec. 2. Section 12C.1, subsection 2, paragraph b, Code 2001, is amended to read as follows:

b. "Public funds" and "public deposits" mean the moneys of the state or a political subdivision or instrumentality of the state including a county, school corporation, special district, drainage district, unincorporated town or township, municipality, or municipal corporation or any agency, board, or commission of the state or a political subdivision; any court or public body noted in subsection 1; a legal or administrative entity created pursuant to chapter 28E; an electric power agency as defined in section 28F.2 or 476A.20; and federal and state grant moneys of a quasi-public state entity that are placed in a depository pursuant to this chapter.

Sec. 3. Section 28F.2, Code 2001, is amended to read as follows:  
28F.2 DEFINITIONS.

As used in this chapter, unless the context otherwise requires:

1. ~~The terms "public~~ "Public agency", "state", and "private agency" shall have the meanings prescribed by section 28E.2.

2. ~~The term "project"~~ "Project" or "projects" ~~shall mean~~ means any works or facilities referred to in section 28F.1 and shall include all property real and personal, pertinent thereto or connected with such project or projects, and the existing works or facilities, if any, to which such project or projects are an extension, addition, betterment or improvement.

3. "Electric power agency" means an entity financing or acquiring electric power facilities pursuant to this chapter or chapter 28E or 476A.

Sec. 4. Section 427.1, subsection 2, Code 2001, is amended to read as follows:

2. MUNICIPAL AND MILITARY PROPERTY. The property of a county, township, city, school corporation, levee district, drainage district, or the Iowa national guard, when devoted to public use and not held for pecuniary profit, except property of a municipally owned electric utility held under joint ownership and property of an electric power facility financed under chapter 28F ~~which or 476A that~~ shall be subject to taxation under chapter 437A and facilities of a municipal utility that are used for the provision of local exchange services pursuant to chapter 476, but only to the extent such facilities are used to provide such services, which shall be subject to taxation under chapter 433, except that section 433.11 shall not apply. The exemption for property owned by a city or county also applies to property which is operated by a city or county as a library, art gallery or museum, conservatory, botanical garden or display, observatory or science museum, or as a location for holding athletic contests, sports or entertainment events, expositions, meetings or conventions, or leased from the city or county for any such purposes, or leased from the city or county by

the Iowa national guard or by a federal agency for the benefit of the Iowa national guard when devoted for public use and not for pecuniary profit. Food and beverages may be served at the events or locations without affecting the exemptions, provided the city has approved the serving of food and beverages on the property if the property is owned by the city or the county has approved the serving of food and beverages on the property if the property is owned by the county.

Sec. 5. Section 437A.3, subsection 17, paragraph b, Code 2001, is amended to read as follows:

b. An electric power generating plant where the acquisition cost of all interests acquired exceeds ten million dollars. For purposes of this paragraph, "electric power generating plant" means each nameplate rated electric power generating plant owned solely or jointly by any person or electric power facility financed under the provisions of chapter 28F or 476A in which electrical energy is produced from other forms of energy, including all equipment used in the production of such energy through its step-up transformer.

Sec. 6. Section 437A.6, subsection 1, paragraph b, Code 2001, is amended to read as follows:

b. Facilities owned by or leased to a municipal utility when devoted to public use and not held for pecuniary profit, except facilities of a municipally owned electric utility held under joint ownership or lease and facilities of an electric power facility financed under chapter 28F or 476A.

Sec. 7. Section 437A.7, subsection 2, paragraph a, Code 2001, is amended to read as follows:

a. Transmission lines owned by or leased to a municipal utility when devoted to public use and not for pecuniary profit, except transmission lines of a municipally owned electric utility held under joint ownership and transmission lines of an electric power facility financed under chapter 28F or 476A.

Sec. 8. Section 476.1A, Code 2001, is amended by adding the following new subsection:  
NEW SUBSECTION. 5A. Filing alternate energy purchase program plans with the board, and offering such programs to customers, pursuant to section 476.47.

Sec. 9. Section 476.1B, subsection 1, Code 2001, is amended by adding the following new paragraphs:

NEW PARAGRAPH. m. An electric power agency as defined in chapters 28F and 476A that includes as a member a city or municipally owned utility that builds transmission facilities after July 1, 2001, is subject to applicable transmission reliability rules or standards adopted by the board for those facilities.

n. Filing alternate energy purchase program plans with the board, and offering such programs to customers, pursuant to section 476.47.

Sec. 10. Section 476.6, Code 2001, is amended by adding the following new subsection:  
NEW SUBSECTION. 16B. ELECTRIC POWER GENERATING FACILITY EMISSIONS.

a. It is the intent of the general assembly that the state, through a collaborative effort involving state agencies and affected generation owners, provide for compatible statewide environmental and electric energy policies with respect to regulated emissions from rate-regulated electric power generating facilities in the state that are fueled by coal. Each rate-regulated public utility that is an owner of one or more electric power generating facilities fueled by coal and located in this state on July 1, 2001, shall develop a multiyear plan and budget for managing regulated emissions from its facilities in a cost-effective manner.

(1) The initial multiyear plan and budget shall be filed with the board by April 1, 2002. Updates to the plan and budget shall be filed at least every twenty-four months.

(2) Copies of the initial plan and budget, as well as any subsequent updates, shall be served on the environmental protection division of the department of natural resources.

(3) The initial multiyear plan and budget and any subsequent updates shall be considered in a contested case proceeding pursuant to chapter 17A. The environmental protection division of the department of natural resources and the consumer advocate shall participate as parties to the proceeding.

(4) The department of natural resources shall state whether the plan or update meets applicable state environmental requirements for regulated emissions. If the plan does not meet these requirements, the department shall recommend amendments that outline actions necessary to bring the plan or update into compliance with the environmental requirements.

b. The board shall not approve a plan or update that does not meet applicable state environmental requirements and federal ambient air quality standards for regulated emissions from electric power generating facilities located in the state.

c. The board shall review the plan or update and the associated budget, and shall approve the plan or update and the associated budget if the plan or update and the associated budget are reasonably expected to achieve cost-effective compliance with applicable state environmental requirements and federal ambient air quality standards. In reaching its decision, the board shall consider whether the plan or update and the associated budget reasonably balance costs, environmental requirements, economic development potential, and the reliability of the electric generation and transmission system.

d. The board shall issue an order approving or rejecting a plan, update, or budget within one hundred eighty days after the public utility's filing is deemed complete; however, upon good cause shown, the board may extend the time for issuing the order as follows:

(1) The board may grant an extension of thirty days.

(2) The board may grant more than one extension, but each extension must rely upon a separate showing of good cause.

(3) A subsequent extension must not be granted any earlier than five days prior to the expiration of the original one-hundred-eighty-day period, or the current extension.

e. The reasonable costs incurred by a rate-regulated public utility in preparing and filing the plan, update, or budget and in participating in the proceedings before the board and the reasonable costs associated with implementing the plan, update, or budget shall be included in its regulated retail rates.

f. It is the intent of the general assembly that the board, in an environmental plan, update, or associated budget filed under this section by a rate-regulated public utility, may limit investments or expenditures that are proposed to be undertaken prior to the time that the environmental benefit to be produced by the investment or expenditure would be required by state or federal law.

g. The board shall report to the general assembly by January 21, 2003, on the appropriateness and desirability of requiring the municipal utilities and the rural electric cooperatives to file multiyear plans and budgets for managing regulated emissions from their electric power generating facilities fueled by coal and located in this state, similar to the process required for rate-regulated public utilities under this subsection.

#### Sec. 11. NEW SECTION. 476.47 ALTERNATE ENERGY PURCHASE PROGRAMS.

1. Beginning January 1, 2004, an electric utility, whether or not rate-regulated under this chapter, shall offer an alternate energy purchase program to customers, based on energy produced by alternate energy production facilities in Iowa.

2. The board shall require electric utilities to file plans for alternate energy purchase programs offered pursuant to this section.

a. Rate-regulated electric utilities shall file plans for alternate energy purchase programs that allow customers to contribute voluntarily to the development of alternate energy in Iowa, and shall file tariffs as required by the board by rule.

b. Electric utilities that are not rate-regulated shall offer alternate energy purchase programs at rates determined by their governing authority, and shall file tariffs with the board for informational purposes only.

3. The electric utility shall notify consumers of its alternate energy purchase program and any proposed modifications to such program at least sixty days prior to implementation of the program or any modification.

4. For purposes of this section, an electric utility may base its program on energy produced by alternate energy production facilities located outside of Iowa under any of the following circumstances:

a. The energy is purchased by the electric utility pursuant to a contract in effect prior to July 1, 2001, and continues until the expiration of the contract, including any options to renew that are exercised by the electric utility.

b. The electric utility has a financial interest, as of July 1, 2001, in the alternate energy production facility that is located outside of Iowa, or in an entity that has a financial interest in an alternate energy production facility located outside of Iowa.

c. The energy is purchased by an electric utility that is not rate-regulated and that is required to purchase all of its electric power requirements from a single supplier that is physically located outside of Iowa.

5. This section shall not apply to non-rate-regulated electric utilities physically located outside of Iowa that serve Iowa customers.

6. Any consumer-owned utility may apply to the board for a waiver under this section, and the board, for good cause, may grant the waiver.

Sec. 12. Section 476.53, Code 2001, is amended by striking the section and inserting in lieu thereof the following:

**476.53 ELECTRIC GENERATING AND TRANSMISSION FACILITIES.**

1. It is the intent of the general assembly to attract the development of electric power generating and transmission facilities within the state in sufficient quantity to ensure reliable electric service to Iowa consumers and provide economic benefits to the state.

2. The general assembly's intent with regard to the development of electric power generating and transmission facilities, as provided in subsection 1, shall be implemented in a manner that is cost-effective and compatible with the environmental policies of the state, as expressed in Title XI.

3. a. If a rate-regulated public utility files an application pursuant to section 476A.3 to construct in Iowa a baseload electric power generating facility with a nameplate generating capacity equal to or greater than three hundred megawatts or a combined-cycle electric power generating facility, or an alternate energy production facility as defined in section 476.42, or if a rate-regulated public utility leases or owns in Iowa, in whole or in part, a new baseload electric power generating facility with a nameplate generating capacity equal to or greater than three hundred megawatts or a combined-cycle electric power generating facility, or a new alternate energy production facility as defined in section 476.42, the board shall specify in advance, by order issued after a contested case proceeding, the ratemaking principles that will apply when the costs of the facility are included in regulated electric rates.

b. In determining the applicable ratemaking principles, the board shall not be limited to traditional ratemaking principles or traditional cost recovery mechanisms.

c. In determining the applicable ratemaking principles, the board shall make the following findings:

(1) The rate-regulated public utility has in effect a board-approved energy efficiency plan as required under section 476.6, subsection 19.

(2) The rate-regulated public utility has demonstrated to the board that the public utility has considered other sources for long-term electric supply and that the facility or lease is reasonable when compared to other feasible alternative sources of supply. The rate-regulated public utility may satisfy the requirements of this subparagraph through a competitive bidding process, under rules adopted by the board, that demonstrate the facility or lease is a reasonable alternative to meet its electric supply needs.

d. The applicable ratemaking principles shall be determined in a contested case proceeding, which proceeding may be combined with the proceeding for issuance of a certificate conducted pursuant to chapter 476A.

e. The order setting forth the applicable ratemaking principles shall be issued prior to the commencement of construction or lease of the facility.

f. Following issuance of the order, the rate-regulated public utility shall have the option of proceeding with construction or lease of the facility in Iowa, or withdrawing its application for a certificate under chapter 476A.

g. Notwithstanding any provision of this chapter to the contrary, the ratemaking principles established by the order issued pursuant to paragraph "e" shall be binding with regard to the specific electric power generating facility in any subsequent rate proceeding.

Sec. 13. Section 476A.4, Code 2001, is amended by adding the following new subsection:

**NEW SUBSECTION.** 5. A proceeding for the issuance of a certificate under section 476A.5 may be consolidated with a contested case proceeding for determination of applicable ratemaking principles under section 476.53.

Sec. 14. Section 476A.6, Code 2001, is amended to read as follows:

**476A.6 DECISION — CRITERIA.**

The board shall render a decision on the application in an expeditious manner. A certificate shall be issued to the applicant if the board finds all of the following:

1. The services and operations resulting from the construction of the facility are required by the present or future public convenience, use and necessity consistent with legislative intent as expressed in section 476.53 and the economic development policy of the state as expressed in Title I, subtitle 5, and will not be detrimental to the provision of adequate and reliable electric service.

2. The applicant is willing to ~~perform such services and~~ construct, maintain, and operate the facility pursuant to the provisions of the certificate and this chapter.

3. The construction, maintenance, and operation of the facility will ~~cause minimum adverse~~ be consistent with reasonable land use, and environmental, and aesthetic impact policies and ~~are~~ consonant with reasonable utilization of air, land, and water resources, ~~for beneficial purposes~~ considering available technology and the economics of available alternatives.

4. The applicant, if a public utility as defined in section 476.1, ~~has in effect a comprehensive energy management program designed to reduce peak loads and to increase efficiency of use of energy by all classes of customers of the utility, and the facility in the application is necessary notwithstanding the existence of the comprehensive energy management program. As used in this subsection, a "comprehensive energy management program" includes at a minimum the following:~~

~~a. Establishment of load management and interruptible service programs, where cost effective.~~

~~b. Development of wheeling agreements and other energy sharing agreements, where cost effective with utilities that have available capacity.~~

~~c. Establishment of cost effective energy efficiency and renewable energy services and programs.~~

~~d. Compliance with board rules on energy management procedures.~~

5. The applicant, if a public utility as defined in section 476.1, shall demonstrate to the board that the utility has considered sources for long term electric supply from either purchase of electricity or investment in facilities owned by other persons.

6. The applicant, if a public utility as defined in section 476.1, has considered all feasible alternatives to the proposed facility including nongeneration alternatives; has ranked those alternatives by cost; has implemented the least cost alternatives first; and the facility in the application is necessary notwithstanding the implementation of these alternatives.

Sec. 15. Section 476A.7, Code 2001, is amended by adding the following new subsection:

**NEW SUBSECTION.** 3. Pursuant to the provisions of section 476.53, a rate-regulated public utility shall have the option of withdrawing its application for issuance of a certificate at any time prior to the issuance of the certificate, or after the certificate has been issued.

Sec. 16. Section 476A.15, Code 2001, is amended to read as follows:  
476A.15 WAIVER.

The board, if it determines that the public interest would not be adversely affected, may waive any of the requirements of this chapter ~~for facilities with a capacity of one hundred or fewer megawatts.~~

Sec. 17. **NEW SECTION.** 476A.20 DEFINITIONS.

For purposes of this subchapter, unless the context otherwise requires:

1. "Electric power agency" means an entity as defined in section 28F.2.
2. "Facility" means an electric power generating plant, or transmission line or system, as defined in section 476A.1.
3. "Public bond or obligation" means an obligation as defined in section 76.14.

Sec. 18. **NEW SECTION.** 476A.21 ELECTRIC POWER AGENCY — GENERAL AUTHORITY.

In addition to other powers conferred upon an electric power agency by chapter 28F or other applicable law, an electric power agency may enter into and carry out joint agreements with other participants for the acquisition of ownership of a joint facility and for the planning, financing, operation, and maintenance of the joint facility, as provided in this subchapter.

Sec. 19. **NEW SECTION.** 476A.22 ELECTRIC POWER AGENCY — AUTHORITY — CONFLICTING PROVISIONS.

1. In addition to any powers conferred upon an electric power agency under chapter 28F or other applicable law, an electric power agency may exercise all other powers reasonably necessary or appropriate for or incidental to the effectuation of the electric power agency's authorized purposes, including without limitation, the powers enumerated in chapters 6A and 6B for purposes of constructing or acquiring an electric power facility.

2. An electric power agency, in connection with its property and affairs, and in connection with property within its control, may exercise any and all powers that might be exercised by a natural person or a private corporation in connection with similar property and affairs.

3. The enumeration of specified powers and functions of an electric power agency in this subchapter is not a limitation of the powers of an electric power agency, but the procedures prescribed for exercising the powers and functions enumerated in this subchapter control and govern in the event of any conflict with any other provision of law.

4. The authority conferred pursuant to this subchapter applies to electric power agencies, notwithstanding any contrary provisions of section 28F.1.

Sec. 20. **NEW SECTION.** 476A.23 ISSUANCE OF PUBLIC BONDS OR OBLIGATIONS — PURPOSES — LIMITATIONS.

1. An electric power agency may from time to time issue its public bonds or obligations in such principal amounts as the electric power agency deems necessary to provide sufficient funds to carry out any of its purposes and powers, including but not limited to any of the following:

a. The acquisition or construction of any project to be owned or leased by the electric power agency, or the acquisition of any interest in such project or any right to the capacity of such project, including the acquisition, construction, or acquisition of any interest in an electric power generating plant to be constructed in this state, or the acquisition, construction, or acquisition of any interest in a transmission line or system.

b. The funding or refunding of the principal of, or interest or redemption premiums on,

any public bonds or obligations issued by the electric power agency whether or not the public bonds or obligations or interest to be funded or refunded have become due.

c. The establishment or increase of reserves to secure or to pay the public bonds or obligations or interest on the public bonds or obligations.

d. The payment of all other costs or expenses of the electric power agency incident to and necessary to carry out its purposes and powers.

2. Notwithstanding anything in this subchapter or chapter 28F to the contrary, a facility shall not be financed with the proceeds of public bonds or obligations, the interest on which is exempt from federal income tax, unless the public issuer of such public bonds or obligations covenants that the issuer shall comply with the requirements or limitations imposed by the Internal Revenue Code or other applicable federal law to preserve the tax exemption of interest payable on the bonds or obligations.

3. Notwithstanding anything in this subchapter or chapter 28F to the contrary, an electric power generating facility shall not be financed under this subchapter unless all of the following conditions are satisfied:

a. The portion of the electric power generating facility financed by the electric power agency is not designed to serve the electric power requirements of retail customers of members that are municipal electric utilities established in the state after January 1, 2001.

b. The electric power agency annually files with the board, in a manner to be determined by the board, information regarding sales from the electric power generating facility in sufficient detail to determine compliance with these provisions.

The board shall report to the general assembly if any of the provisions are being violated.

**Sec. 21. NEW SECTION. 476A.24 PUBLIC BONDS OR OBLIGATIONS AUTHORIZED BY RESOLUTION OF BOARD — TERMS.**

1. The board of directors of an electric power agency, by resolution, may authorize the issuance of public bonds or obligations of the electric power agency.

2. The public bonds or obligations may be issued in one or more series under the resolution or under a trust indenture or other security agreement.

3. The resolution, trust indenture, or other security agreement, with respect to such public bonds or obligations, shall provide for all of the following:

a. The date on the public bonds or obligations.

b. The time of maturity.

c. The rate of interest.

d. The denomination.

e. The form, either coupon or registered.

f. The conversion, registration, and exchange privileges.

g. The rank or priority.

h. The manner of execution.

i. The medium of payment, including the place of payment, either within or outside of the state.

j. The terms of redemption, either with or without premium.

k. Such other terms and conditions as set forth by the board in the resolution, trust indenture, or other security agreement.

4. Public bonds or obligations authorized by the board of directors shall not be subject to any restriction under other law with respect to the amount, maturity, interest rate, or other terms of obligation of a public agency or private person.

5. Chapter 75 shall not apply to public bonds or obligations authorized by the board of directors as provided in this section.

**Sec. 22. NEW SECTION. 476A.25 PUBLIC BONDS OR OBLIGATIONS PAYABLE SOLELY FROM AGENCY REVENUES OR FUNDS.**

1. The principal of and interest on any public bonds or obligations issued by an electric power agency shall be payable solely from the revenues or funds pledged or available for their payment as authorized in this subchapter.



2. Each public bond or obligation shall contain all of the following terms:
  - a. That the principal of or interest on such public bonds or obligations is payable solely from revenues or funds of the electric power agency.
  - b. That neither the state or a political subdivision of the state other than the electric power agency, nor a public agency that is a member of the electric power agency is obligated to pay the principal or interest on such public bonds or obligations.
  - c. That neither the full faith and credit nor the taxing power of the state, of any political subdivision of the state, or of any such public agency is pledged to the payment of the principal of or the interest on the public bonds or obligations.

**Sec. 23. NEW SECTION. 476A.26 PUBLIC BONDS OR OBLIGATIONS — TYPES — SOURCES FOR PAYMENT — SECURITY.**

1. Except as otherwise expressly provided by this subchapter or by the electric power agency, every issue of public bonds or obligations of the electric power agency shall be payable out of any revenues or funds of the electric power agency, subject only to any agreements with the holders of particular public bonds or obligations pledging any particular revenues or funds.
2. An electric power agency may issue types of public bonds or obligations as it may determine, including public bonds or obligations as to which the principal and interest are payable exclusively from the revenues from one or more projects, or from an interest in such project or projects, or a right to capacity of such project or projects, or from any revenue-producing contract made by the electric power agency with any person, or from its revenues generally.
3. Any public bonds or obligations may be additionally secured by a pledge of any grant, subsidy, or contribution from any public agency or other person, or a pledge of any income or revenues, funds, or moneys of the electric power agency from any other source.

**Sec. 24. NEW SECTION. 476A.27 PUBLIC BONDS OR OBLIGATIONS AND RATES FOR DEBT SERVICE NOT SUBJECT TO STATE APPROVAL.**

Public bonds or obligations of an electric power agency may be issued under this subchapter, and rents, rates, and charges may be established in the same manner as provided in section 28F.5 and pledged for the security of public bonds or obligations and interest and redemption premiums on such public bonds or obligations, without obtaining the consent of any department, division, commission, board, bureau, or agency of the state and without any other proceeding or the happening of any other condition or occurrence, except as specifically required by this subchapter.

**Sec. 25. NEW SECTION. 476A.28 PUBLIC BONDS OR OBLIGATIONS TO BE NEGOTIABLE.**

All public bonds or obligations of an electric power agency shall be negotiable within the meaning and for all of the purposes of the uniform commercial code, chapter 554, subject only to the registration requirement of section 76.10.

**Sec. 26. NEW SECTION. 476A.29 VALIDITY OF PUBLIC BONDS OR OBLIGATIONS AT DELIVERY — TEMPORARY BONDS.**

1. Any public bonds or obligations may be issued and delivered, notwithstanding that one or more of the officers executing them shall have ceased to hold office at the time when the public bonds or obligations are actually delivered.
2. Pending preparation of definitive bonds or obligations, an electric power agency may issue temporary bonds or obligations that shall be exchanged for the definitive bonds or obligations upon their issuance.

**Sec. 27. NEW SECTION. 476A.30 PUBLIC OR PRIVATE SALE OF BONDS AND NOTES.**  
Public bonds or obligations of an electric power agency may be sold at public or private sale for a price and in a manner determined by the electric power agency.

Sec. 28. NEW SECTION. 476A.31 PUBLIC BONDS OR OBLIGATIONS AS SUITABLE INVESTMENTS FOR GOVERNMENTAL UNITS, FINANCIAL INSTITUTIONS, AND FIDUCIARIES.

The following persons may legally invest any debt service funds, money, or other funds belonging to such person or within such person's control in any public bonds or obligations issued pursuant to this subchapter:

1. A bank, trust company, savings association, building and loan association, savings and loan association, or investment company.
2. An insurance company, insurance association, or any other person carrying on an insurance business.
3. An executor, administrator, conservator, trustee, or other fiduciary.
4. Any other person authorized to invest in bonds or obligations of the state.

Sec. 29. NEW SECTION. 476A.32 RESOLUTION, TRUST INDENTURE, OR SECURITY AGREEMENT CONSTITUTES CONTRACT — PROVISIONS.

The resolution, trust indenture, or other security agreement under which any public bonds or obligations are issued shall constitute a contract with the holders of the public bonds or obligations, and may contain provisions, among others, prescribing any of the following terms:

1. The terms and provisions of the public bonds or obligations.
2. The mortgage or pledge of and the grant of a security interest in any real or personal property and all or any part of the revenue from any project or any revenue producing contract made by the electric power agency with any person to secure the payment of public bonds or obligations, subject to any agreements with the holders of public bonds or obligations which might then exist.
3. The custody, collection, securing, investment, and payment of any revenues, assets, money, funds, or property with respect to which the electric power agency may have any rights or interest.
4. The rates or charges for electric energy sold by, or services rendered by, the electric power agency, the amount to be raised by the rates or charges, and the use and disposition of any or all revenue.
5. The creation of reserves or debt service funds and the regulation and disposition of such reserves or funds.
6. The purposes to which the proceeds from the sale of any public bonds or obligations to be issued may be applied, and the pledge of the proceeds to secure the payment of the public bonds or obligations.
7. Limitations on the issuance of any additional public bonds or obligations, the terms upon which additional public bonds or obligations may be issued and secured, and the refunding of outstanding public bonds or obligations.
8. The rank or priority of any public bonds or obligations with respect to any lien or security.
9. The creation of special funds or moneys to be held for operating expenses, payment, or redemption of public bonds or obligations, reserves or other purposes, and the use and disposition of moneys held in these funds.
10. The procedure by which the terms of any contract with or for the benefit of the holders of public bonds or obligations may be amended or abrogated, the amount of public bonds or obligations the holders of which must consent to such amendment or abrogation, and the manner in which consent may be given.
11. The definition of the acts or omissions to act that constitute a default in the duties of the electric power agency to holders of its public bonds or obligations, and the rights and remedies of the holders in the event of default including, if the electric power agency so determines, the right to accelerate the date of the maturation of the public bonds or obligations or the right to appoint a receiver or receivers of the property or revenues subject to the lien of the resolution, trust indenture, or other security agreement.

12. Any other or additional agreements with or for the benefit of the holders of public bonds or obligations or any covenants or restrictions necessary or desirable to safeguard the interests of the holders.

13. The custody of any of the electric power agency's property or investments, the safe-keeping of such property or investments, the insurance to be carried on such property or investments, and the use and disposition of insurance proceeds.

14. The vesting in a trustee or trustees, within or outside the state, of such property, rights, powers, and duties as the electric power agency may determine; or the limiting or abrogating of the rights of the holders of any public bonds or obligations to appoint a trustee, or the limiting of the rights, powers, and duties of such trustee.

15. The appointment of and the establishment of the duties and obligations of any paying agent or other fiduciary within or outside the state.

Sec. 30. NEW SECTION. 476A.33 MORTGAGE OR TRUST DEED TO SECURE BONDS.

For the security of public bonds or obligations issued or to be issued by an electric power agency, the electric power agency may mortgage or execute deeds of trust of the whole or any part of its property.

Sec. 31. NEW SECTION. 476A.34 NO PERSONAL LIABILITY ON PUBLIC BONDS OR OBLIGATIONS.

An official, director, member of an electric power agency, or any person executing public bonds or obligations shall not be liable personally on the public bonds or obligations or be subject to any personal liability or accountability by reason of the issuance of such public bonds or obligations.

Sec. 32. NEW SECTION. 476A.35 REPURCHASE OF SECURITIES.

An electric power agency may purchase public bonds or obligations out of any funds available for such purchase, and hold, pledge, cancel, or resell the public bonds or obligations, subject to and in accordance with any agreements with the holders.

Sec. 33. NEW SECTION. 476A.36 PLEDGE OF REVENUE AS SECURITY.

An electric power agency may pledge its rates, rents, and other revenues, or any part of such rates, rents, and revenues, as security for the repayment, with interest and redemption premiums, if any, of the moneys borrowed by the electric power agency or advanced to the electric power agency for any of its authorized purposes and as security for the payment of moneys due and owed by the electric power agency under any contract.

Sec. 34. Section 478.3, Code 2001, is amended by adding the following new subsection: NEW SUBSECTION. 3. For the purpose of this section, the term "public" shall not be interpreted to be limited to consumers located in this state.

Sec. 35. CODE EDITOR DIRECTIVE. The Code editor shall change references to "this chapter" in sections 476A.1 through 476A.15 as necessary and appropriate to reflect the addition of the new subchapter to chapter 476A as a result of this Act.

Sec. 36. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

Approved July 3, 2001